Officers that adverse inference should not be drawn by the non-production of katcha books by Excise Contractors and that the rates of profits of various trades, when assessments have to be made on the turn over basis, should be fixed as far as possible after consulting some of the respectable merchants engaged in the business. It is understood that the rates of profits on various businesses have been fixed in accordance with the instructions of Government. Assessing officers will be instructed to keep a record of all statistics collected by them in the course of the examination of accounts produced as to what rates of profit have been earned by representatives of each trade in the locality, so that these rates may serve as a guide in assessing similar cases on the turn-over basis. Government further consider that there is need for a periodical revision of these percentages and direct that needful steps be taken by the Commissioner to review them in the light of experience gained. In this view, Government cannot accept the suggestion that a mixed committee of officials and non-officials may be appointed to fix the rate of profit of each calling. There are practical difficulties in adopting such a course and besides some leading merchants are themselves opposed to the same.

9. The next item of complaint is in respect of the disability of assessees in the matter of appeal in the taluks which are directly under the charge of the Deputy Commissioners. At present the Income-Tax work including assessment on incomes less than Rs. 9,000 is being attended to by the Deputy Commissioner only in one Taluk in the Kadur District in Mudgere. Government will have no objection to transfer this class of cases to an Assistant Commissioner in the District and direct that the District Treasury Officer be required to take up the Income Tax work of this taluk up to Rs. 9,000 as assessing officer.

10. As regards the suggestion that trained accountants may be appointed to deal with Income Tax work in moffusil offices, Government observe that qualifications for clerks in Income Tax Offices have been prescribed and instructions have been issued for giving them the necessary training. The Commissioner is requested to take steps, after consulting the Deputy Commissioners of Districts, to transfer accountants periodically from the office of the Deputy Commissioner of Income Tax for Bangalore and Mysore to the moffusils and *vice versa* so that all accountants in moffusil offices may have some training in the Bangalore Office.

11. In regard to the proposal that standardised forms of accounts may be introduced, Government consider that suggestion is not a practicable one. It is not possible to enforce any standard form being used by the assessees. To facilitate the preparation of return of income, all necessary instructions for the same have been given in the form itself and a memo of additional instructions for Auditors has been recently issued by the Commissioner. A pamphlet on the *Audit of Accounts* is under preparation and when this is issued, the assessees will have greater facilities for the correct preparation of return of income.

12. As regards the complaint that the Assessing Officers are placing too much reliance on the confidential reports of Amildars and Inspectors, Government observe, that no definite action can be taken on such vague statements. Under the orders already issued, assessing officers are required to furnish in the assessment order the facts on which their conclusions are based so as to give an opportunity to assessees to know on what grounds they have been assessed and to rebut, if necessary, the basis of computation. The Commissioner is requested to issue necessary subsidiary instructions in conformity with the orders of Government.

13. In regard to the suggestion that appeals should be allowed when assessments are made in cases where the return is not furnished or accounts are not produced, the law requires that the remedy provided by Section 27 of the Income-Tax Regulation should be exhausted before an appeal can be entertained. No change is called for.

14. The Regulation provides ample remedies in the case of wrong assessments and an ultimate reference to the Chief Court. The suggestion that appeals should lie to the Civil Courts against orders of assessment cannot be accepted.

15. The existing Regulation does not permit of the Income-Tax annually leviable being compounded by a lump sum payment, and Government do not consider it expedient to effect any change in the law in this respect.

B. SRINIVASA IYENGAR,
Secretary to Government,
Revenue Department.

State Provident Fund.

READ—

Letter No. C. 23—25-26, dated 15th July 1925, from the Revenue Commissioner in Mysore, stating that the Deputy Commissioner, Kolar District, reports that Venkata Rao,

Shroff, Bowringpet Taluk, has offered his deposits in the State Provident Fund as security in addition to Kolar District Board Railway Debentures, and recommending an amendment of Rule 8 (*b*) of the Land Revenue Rules so as to admit the acceptance, as security, of deposits in the State Provident Fund, as suggested by the Deputy Commissioner, Kolar.

ORDER NO. R. 1447-500—L. R. 54-25-2, DATED 22ND SEPTEMBER—14TH OCTOBER 1925.

Government are pleased to direct that deposits in the State Provident Fund may be accepted as security, when the subscriptions are only voluntary and not compulsory. In the present case, as it is ascertained that the deposit is voluntary, the Revenue Commissioner's recommendation is sanctioned.

2. The Head of the Office who accepts such security should advise the Comptroller that the amounts pledged as security are not withdrawable as advances under the Rules of the State Provident Fund.

3. Separate notification amending rule 8 (*b*) and 8 (*d*) of the Land Revenue Rules so as to allow of the voluntary deposit amounts in the State Provident Fund being accepted as security will issue.

B. SRINIVASA IYENGAR,
Secretary to Government,
Revenue Department.